

KING COUNTY (WA) WIFIA LOAN APPROVAL

ISSUE: Approval of first WIFIA loan to King County for the Georgetown Wet Weather Treatment Plan in the amount of \$134.5 million.

Deliberative Process / Ex. 5

WIFIA PROGRAM BACKGROUND: The Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) established the WIFIA program, a federal credit program administered by EPA for eligible water and wastewater infrastructure projects.

The WIFIA program accelerates investment in our nation's water and wastewater infrastructure by providing long-term, low cost, supplemental credit assistance under customized terms to creditworthy water and wastewater projects of national and regional significance.

Important Features:

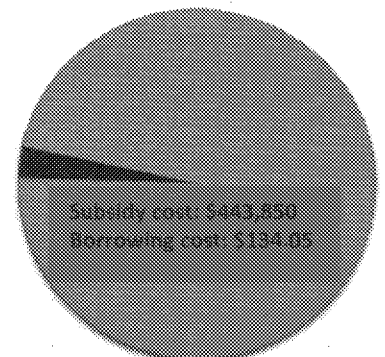
- Minimum project size is \$20 million for large communities and \$5 million for small communities.
- WIFIA loans can fund 49% of eligible project costs and provide flexible, long-term financing.
- Interest rate will be equal to the U.S. Treasury rate of a similar maturity at the date of closing.
- Funding is competitive. In FY 2017, EPA invited 12 projects to apply for credit assistance.

FY 2017 Appropriation: \$25 million for credit subsidy

FY 2017 Loan Limit: \$3.049 billion

Subsidy: The WIFIA statute provides two primary authorizations to EPA. First, resources to manage the program. Second, the ability to borrow funds from the Treasury to finance WIFIA-eligible projects.

EPA, working with OMB, is required to estimate the relative risk of each WIFIA loan and use its appropriation to cover the default risk. This is called the subsidy cost or the risk premium related to borrowing from the Treasury. The remainder of the loan amount is borrowed from Treasury and all repayments go to the Treasury.



*Costs for \$134.5 million
King County WIFIA loan*

KING COUNTY WIFIA LOAN

Project Description: King County will construct the new, \$275M Georgetown Wet Weather Treatment Station in the Seattle's Georgetown neighborhood. Construction is scheduled to be completed in 2022.

WIFIA Loan Amount: \$134.5 million

Project Benefits:

- Reduces over 95 percent of untreated wastewater and stormwater entering the Duwamish River by controlling two existing combined sewer overflows.
- Redevelops a Brownfields site.
- Saves King County up to \$34 million from financing with a WIFIA loan financing compared to a bond issuance.
- Creates jobs and job-training opportunities during design, construction, and operation.